

WHAT ARE THE BENEFITS?

Hiring Credit

A qualified business may reduce its state income tax by a percentage of wages paid to one or more qualified employees over a five-year period. Over \$37,400 in tax credits is available per qualified employee. The credits may be carried over until they are exhausted.

Sales and Use Tax Credit

California income or franchise tax may be reduced by the amount of sales or use tax paid on the cost of qualified equipment or machinery parts purchased for exclusive use in the Enterprise Zone. The credits may be carried over until they are exhausted.

Business Expense Deduction

Part of the cost of certain property, furniture and fixtures purchased for exclusive use in the Enterprise Zone may be deducted as a business expense in the first year it is placed in service.

Net Operating Loss Carryover

Up to 100% Net Operating Loss Carryover (NOL) for individuals or corporations doing business in the Enterprise Zone. NOL may be carried over for up to 15 years.

Lenders may deduct net interest earned on loans to Enterprise Zone businesses.

Enterprise Zone companies can earn preference points on State contracts

For more information on the Long Beach Enterprise Zone, contact:

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CITY OF LONG BEACH

Earn Tax Credits through the Enterprise Zone



THE ENTERPRISE ZONE

The State of California awarded the City of Long Beach a 15-year Enterprise Zone designation in January 2007. Long Beach businesses in the Zone can reduce their state taxes by taking advantage of Enterprise Zone benefits.

The Enterprise Zone Program was developed by the California State Legislature to provide targeted areas with a means to stimulate business growth and attract new companies, jobs and investment. Businesses already in the Zone can qualify for benefits, along with new businesses relocating or expanding into the Zone.

FREQUENTLY ASKED QUESTIONS

Q: How do I qualify for these tax benefits and is there a fee or tax that must be paid in order to receive these benefits?

A: All businesses located in the Zone are eligible to earn tax credits. A \$40.00 Hiring Credit Application Fee will be charged.

Q: Am I limited to hiring only Long Beach residents to take advantage of the hiring credits?

A: No, eligibility is not based on residency of employees.

Q: If my business cannot use all the credits I earn this year, can I use the remaining credits against next year's taxable income?

A: Yes, you may carry over the sales and use tax credits and the hiring credits until they are exhausted, contingent upon your business remaining in the Enterprise Zone.

City of Long Beach Enterprise Zone

